

VZCZCXYZ0012
RR RUEHWEB

DE RUEHMU #2376/01 2962001
ZNR UUUUU ZZH
R 232001Z OCT 07
FM AMEMBASSY MANAGUA
TO RUEHC/SECSTATE WASHDC 1558
INFO RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE

UNCLAS MANAGUA 002376

SIPDIS

STATE PASS USTR

SENSITIVE

SIPDIS

E.O. 12958: N/A

TAGS: [EINV](#) [ECON](#) [USTR](#) [KIDE](#) [NU](#)

SUBJECT: NICARAGUA: PROPERTY DISPUTE EXPOSES FSLN INFIGHTING

Refs: A) Managua 2324 B) Managua 626

11. (SBU) Summary: A dispute over valuable coastal property at Amarillo Beach may be shedding light on political intrigue and infighting among senior FSLN officials. An internal rift appears to have contributed to the September 20th dismissal of Property Superintendent Mireya Molina. While Attorney General Hernan Estrada has assumed a more forceful, leading role on property matters, he has refused to pre-judge the legal maneuverings surrounding property rights to Amarillo Beach. Further FSLN political infighting may well only complicate our efforts to help American citizens obtain just compensation for properties confiscated by the Nicaraguan government in the 1980s. End Summary.

THE CONFLICTING CLAIMS OF THREE PARTIES

12. (SBU) Extensive local media coverage of a multilayered dispute over valuable coastal property is shedding light on possible corruption and infighting among senior FSLN officials. Three separate parties are disputing rights to Amarillo Beach, a 123-acre coastal tract on the Pacific coast near Tola. Each party alleges ownership of overlapping properties, and has accused the others of using FSLN influence to advance their claims.

--Cesar Ibarra, a retired policeman, claims ownership of Amarillo Beach property based on a title issued in 1988, but not registered until 2005. He is rumored to have the backing of FSLN heavyweight Lenin Cerna and other senior members of the FSLN. Earlier this year, former Property Superintendent Mireya Molina approved and signed a title conferring ownership of property in question to Ibarra. Molina's actions may have contributed to her abrupt dismissal on September 20 (see Para 5).

--Ex-"contra" rebels say they possess fourteen separate titles to Amarillo Beach, all issued in 1993 by the government of Violeta Chamorro, and subsequently reaffirmed by the governments of Arnaldo Aleman and Enrique Bolanos. Property Superintendent Mireya Molina effectively annulled these titles in September, when she conferred ownership upon Cesar Ibarra.

--Bayardo Arguello, a Granada businessman with a history of shady deals, alleges that he bought Amarillo Beach property from the Nicaraguan Government in 1993. Arguello appears to have the backing of Alba Luz Ramos, an FSLN party member and Supreme Court Justice.

IBARRA VERSUS ARGUELLO

13. (SBU) Ibarra and the ex-contras accuse Arguello of using Justice Ramos' strong position within the FSLN and her influence as a Supreme Court Justice to persuade Tola Judge Jeny Chavez to declare

void the title that former Superintendent Molina issued to Ibarra. Ramos categorically denies any involvement in the case, publicly stating that, before becoming President in January, President Ortega had made the "political decision" that Amarillo Beach property should revert to the Tola Municipality [Comment: We see no clear evidence that Ortega had made such a decision or that subsequent actions have been based on such a decision. End Comment].

14. (SBU) Reportedly, Ibarra plans to file a complaint with the Judicial and Administrative Council of the Supreme Court, alleging that Chavez and Ramos exercised inappropriate influence, and thus violated the law when Chavez ruled that Ibarra had no right to Amarillo Beach property. Taking the case to the Supreme Court is not likely to separate the dispute from political influence, as the FSLN and PLC appointees which comprise the court enjoy a long history of politicizing cases [Note: This is not the first time that Ramos has been accused of influence peddling. In 2003, Embassy-registered Amcit property claimant Emma Lugo publicly accused Ramos of pulling strings to have an Appeals Court rule against Lugo's property claim. End Note].

INFIGHTING LEADS TO SUPERINTENDENT MOLINA'S DISMISSAL

15. (SBU) On September 20, Attorney General Hernan Estrada abruptly fired Property Superintendent Mireya Molina. Local media reported that Molina was dismissed because she crossed FSLN leadership when it came to Amarillo Beach property. Sources close to Molina, however, told Emboff that the real reason may have been linked to a conflict of interest. Apparently, Molina had approved compensation for clients whom she represented as a private attorney before becoming Property Superintendent. These clients were pursuing compensation for property that the government had improperly confiscated during the 1980s. Under Molina, their compensation reportedly exceeded limits set by FSLN leadership, i.e., \$2 million per year for total property compensation to all claimants. Estrada immediately announced the appointment of Deputy Attorney General Yara Perez as Property Superintendent (Ref A).

MOLINA'S FALL FROM GRACE

16. (SBU) Shortly after the Sandinista Government came to power and a week before she assumed her duties as Property Superintendent, Molina visited the Embassy to express her intention to cooperate on settling pending Amcit claims (Ref B). In subsequent meetings, Molina used her contacts within the GON to advance resolutions in complex cases, particularly those involving the Nicaraguan Army, the National Police, and the Ministry of Government. This experience led us to believe that we could work with Molina in a positive way.

17. (SBU) By May 2007, however, we could see Molina's authority diminishing, as Attorney General Hernan Estrada assumed a more forceful, leading role on property matters. On May 16, Foreign Minister Samuel Santos penned a letter to the Ambassador stating that Attorney General Estrada was the only channel through which the Embassy should work to address Amcit property claims. During a phone conversation with Embassy staff in June, Molina privately admitted that by continuing to work with us on a particular case, she was going beyond her authority vis-a-vis Attorney General Estrada. In short, Molina was operating on a very short leash.

18. (U) On October 9, after Molina's dismissal on September 20, President Ortega referred to "former property superintendents" as "land traffickers" who were "dishonest, irresponsible, or not serious about performing their jobs well." On October 11, the Nicaraguan newspaper "El Nuevo Diario" published an expletive-filled interview with Molina in which she complained fervently about the harsh treatment she received by the FSLN, noting that her office and files were ransacked by FSLN officials as if she were a common criminal. Molina also accused "El Nuevo Diario" and the FSLN party of trying to ruin her reputation as a professional lawyer.

19. (SBU) Molina's fall from grace was both dramatic, and given her background, surprising. She is a recognized militant Sandinista, having played a role in the Nicaraguan revolution in the 1970s. As Jaime Wheelock's assistant, Molina was a key player in the agrarian

reform process of the 1980s and the confiscation of properties under various decrees designed to create a post-Somoza, socialist Nicaragua. Under three successive Liberal governments, Molina toiled as an attorney in the private sector, while holding fast to her FSLN party membership. Once appointed Property Superintendent, she seemed intent to redress at least some of the inequities of the past for which she was responsible, in accordance with President Ortega's campaign themes of "peace and reconciliation," as well as his pledge that all property rights would be respected during his administration.

ESTRADA EVADES TAKING ACTION ON AMARILLO

¶10. (SBU) Estrada has told the press he will not take any steps to resolve Amarillo Beach property disputes until expected legal actions have run their course, particularly Ibarra's complaint before the Judicial and Administrative Council of the Supreme Court against Judge Chavez and Justice Ramos. He explained that he would have to wait for a decision from the Supreme Court before he could take action on Amarillo Beach.

COMMENT

¶11. (SBU) We have not been able to confirm rumors of a serious difference of opinion between President Daniel Ortega and FSLN Secretary for Party Organization Lenin Cerna on how property issues

SIPDIS
surrounding Amarillo Beach and the Tola Municipality should be resolved. We have little doubt, however, that the political intrigue surrounding property issues will surely grow, particularly in cases involving more valuable beachfront property lots. Further infighting may well only complicate our efforts to help American citizens obtain just compensation for properties confiscated by the Nicaraguan government in the 1980s.

TRIVELLI